

STATEMENT OF
KAREN P. TANDY, ADMINISTRATOR
DRUG ENFORCEMENT ADMINISTRATION
BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON THE DEPARTMENTS OF SCIENCE, STATE, JUSTICE,
AND COMMERCE

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Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to address this Subcommittee on the President's FY 2006 Budget request for the Drug Enforcement Administration (DEA). First, I want to thank the Subcommittee for its unwavering support of DEA's efforts to reduce the availability of illicit drugs in America. The Subcommittee has demonstrated its commitment to DEA's mission in the FY 2005 enacted appropriation by providing 45 new Special Agent positions and \$15.6 million in direct funding to support Priority Target investigations and improve DEA's web infrastructure and information systems, as well as 237 positions and \$31.6 million under the Diversion Control Fee Account (DCFA) to target the diversion and abuse of controlled substances, including OxyContin[®]. The Subcommittee also provided funding that will support an additional 51 Special Agent positions through the Organized Crime Drug Enforcement Task Force (OCDETF) program.

We also appreciate the Subcommittee providing additional budget flexibilities and authority to use \$8.1 million in prior-year unobligated balances for the construction and ownership of a clandestine laboratory training facility. This facility will enable DEA to continue its vital work in training law enforcement personnel to effectively deal with the dangers associated with methamphetamine production and use. We also greatly appreciate the Subcommittee providing DEA with up to \$75 million in no-year authority and allowing us to collapse the decision unit structure from 10 to 3, which will enhance our ability to meet ongoing operational needs. Your commitment is greatly appreciated by DEA's men and women who courageously carry out our drug law enforcement mission every day in this country and overseas.

Overview

Drug abuse remains a serious problem in America. In 2003, an estimated 19.5 million Americans – over 8 percent of the population age 12 or older – were current illicit drug users. It is estimated that these users cost the U.S. economy over \$180 billion annually – approximately \$1,600 a year to every American family – in lost earnings, health care and social welfare costs, and the loss of goods and services to crime. In 2002, over 26,000 people died of drug-induced causes in the United States – 20 percent more

than in 2001. As startling as these global statistics are, behind them lie countless broken families and wasted lives caused by drug abuse.

Drug trafficking also plays a role in financing international terrorism, as DEA investigations have shown a connection between drug activities and 18 of the 40 organizations (or 45 percent) on the Department of State's list of designated foreign terrorist organizations.

To address this serious problem, the President's National Drug Control Strategy announced in 2002 set two ambitious, performance-based goals: To reduce the use of illegal drugs by 10 percent over two years, and by 25 percent over five years. I am very pleased to report that we met and surpassed the first of these two goals: overall drug use by our youth decreased by 11 percent from 2001 to 2003. This was the first decline in drug use across all three grades surveyed (i.e., 8th, 10th, and 12th) in more than a decade. What's more, illegal drug use continued to decline in 2004. From 2001 to 2004, current use of any illicit drug has declined 17 percent. While there is still much work to be done, this is a very encouraging trend.

DEA's Recent Accomplishments

DEA's role in the National Drug Strategy is to focus on disrupting the supply of illegal or diverted drugs through coordinated, national and international attacks on the entire infrastructure of the most significant drug trafficking and money laundering organizations responsible for supplying America's illicit drug market.

We have had some remarkable achievements during the past year that I would like to summarize briefly for the Subcommittee. DEA's strategic and innovative enforcement efforts have resulted in:

- collapsing Caribbean transit organizations that were moving at least 10 to 12 percent of the U.S. cocaine supply;
- maintained dramatic reduction in the availability of LSD in this country through aggressive law enforcement;
- indicting 34 of the 42 current Consolidated Priority Organization Targets (CPOTs), the leaders of the most wanted international drug supply organizations;
- indicting nine and arresting four of Colombia's North Valley Cartel leadership who have been responsible for a third to a half of the cocaine brought into this country – two of the four individuals arrested are CPOTs;
- dramatically reducing the number of methamphetamine "super" labs in America, forcing large-scale producers to retreat into Mexico;
- dismantling a Canadian-U.S. trafficking organization responsible for 15 percent of the U.S. Ecstasy supply, was a major contributing factor to a 10 percent decrease in the purity of MDMA pills, the lowest annual purity since 1996, and a corresponding 13 percent increase in price; and

- initiating more than 144 investigations involving the online sale of controlled substances without a prescription.

Because drugs fuel so much of our nation's crime, there can be little doubt that these successes have contributed to this nation's record 30-year low crime rate.

As the world's leading drug enforcement agency and the only federal agency dedicated exclusively to drug law enforcement, DEA is combating the world's drug trafficking organizations at every juncture—from cultivation and production of drugs, through the transit zones, to final distribution in America's communities, and the laundering of the proceeds of that distribution.

In the last two years, the strategic attack mounted by DEA against drug networks has resulted in the denial of profit and proceeds from drug sales, the disruption or dismantlement of 1,359 Priority Target Organizations, the removal of illicit narcotics from the available drug supply, a safe and secure pharmaceutical supply for Americans, and an awareness of the dangers of drug abuse and addiction.

Sixty-five billion dollars change hands for drugs each year in the United States. Drug trafficking organizations are big businesses. If the drug trade was a Fortune 500 company, it would rank 13th among our biggest businesses by revenue. To take the money out of the traffickers' hands, DEA has reenergized its attack on the financial infrastructure of drug cartels in order to permanently dismantle these trafficking organizations. We have set ambitious goals and we are achieving them.

DEA has achieved new records in seizing illicit drug proceeds and related assets. During this past year, DEA's asset and currency seizures were \$613 million – a 33 percent increase over the \$461 million seized in FY 2003. DEA's FY 2004 asset seizures include an approximate 15 percent increase in bulk cash seizures and a more than 400 percent increase in financial instruments. Between FY 2003 and FY 2004, the average value of seizures increased 26 percent overall, with seizures valued more than \$1 million increasing by 55 percent.

DEA also has established a five-year plan with annual milestones through FY 2009 to meet the challenge of crippling drug cartels so that they cannot reconstitute their operations with new leadership. To accomplish this we must dramatically raise the volume of drug seizures and take \$3 billion of drug profit away from all drug trafficking organizations each year. To that end, DEA has developed new domestic and international seizure strategies. Domestically, all DEA drug investigations must include a financial component, and each DEA field division now focuses on identifying and seizing drug proceeds using intelligence information, technology, and agent resources to take the profit out of drug trafficking. Internationally, DEA has developed a trilateral financial investigation initiative with Mexico, Panama and Colombia. DEA will establish a Money Laundering Investigative Group in the Bogotá Country Office in FY 2005, with existing resources, and increase its agent commitment to money laundering investigations in Mexico. DEA's Bangkok Country Office has established a money laundering

investigative group as well. DEA also has developed strategies to assure that money laundering investigations against the Black Market Peso Exchange inflict lasting damage against the Colombian sources of drug supply.

- On October 19, 2004, a one-year multi-jurisdictional Organized Crime Drug Enforcement Task Force (OCDETF) investigation led by DEA and coordinated by the Special Operations Division (SOD) resulted in the dismantlement of a Mexico-based money laundering and poly-drug trafficking organization. Eighty-three individuals were arrested during this operation, which involved investigations in 27 domestic and 7 foreign offices. As of December 31, 2004, *Operation Money Clip* has resulted in 90 arrests and seizures of \$4.4 million in U.S. currency, 2.5 metric tons of cocaine, 33 kilograms of crystal methamphetamine, 18.2 metric tons of marijuana, and 1 kilogram of heroin. The organization dismantled in *Money Clip* laundered as much as \$200 million in drug proceeds and was responsible for the distribution of approximately 499 kilograms of cocaine, 91 kilograms of methamphetamine, 20 kilograms of heroin, and 4.5 metric tons of marijuana per month since 2002. This investigation originated from an October 2003 seizure in Texas of \$2.2 million in U.S. currency and led to the identification of the organization's drug and money laundering network.

One of the most serious drug threats facing our nation today is the spread of methamphetamine production and use, and DEA is combating it on every front, both domestically and internationally, with enforcement, training and clean up assistance.

- DEA has trained more than 8,600 State and local law enforcement personnel (plus 1,900 DEA employees) since 1998 to conduct investigations and dismantle seized methamphetamine labs and protect the public from methamphetamine lab toxic waste. As part of this training, \$19 million in methamphetamine lab clean up equipment was provided to state and local law enforcement, approximately \$2,200 worth of equipment for each individual trained.
- In FY 2004, DEA administered 10,061 state and local clandestine laboratory cleanups at a cost of \$18.6 million.
- EPIC data show super lab seizures in the U.S. have decreased from 244 in 2001 to 53 in 2004, largely as a result of DEA's enforcement successes against the suppliers of bulk precursor chemicals.
- Nine of the 41 organizations on the FY 2004 CPOT list (22 percent) were involved in methamphetamine trafficking. Of these 9 CPOTS, 8 have been indicted and 3 have been arrested. As of the end of FY 2004, there were 275 active DEA PTO investigations linked to those 9 CPOTS. At the end of the first quarter of FY 2005, there were 319 active DEA PTO investigations linked to these 9 CPOTS. Between FY 2001 and the end of the first quarter of FY 2005, DEA disrupted 193 and dismantled 121 methamphetamine PTOs.

DEA, in coordination with other Federal agencies, is exploring various steps to further control methamphetamine production. These steps include working with Congress to make it more difficult for criminals to acquire enough of the precursor to

produce meaningful amounts of methamphetamine. In addition, DEA supports the removal of a loophole in current law that allows larger purchases of pseudoephedrine in blister packs. Although the exemption was initially implemented on the expectation that methamphetamine manufacturers would not undergo the difficult process of removing small amounts of pseudoephedrine from a large number of blister packs, the emptied blister packs are found at methamphetamine lab sites in increasing numbers, making it obvious that they are, in fact, being used in methamphetamine production.

DEA is working with global partners to target international methamphetamine traffickers and to increase chemical control efforts abroad. DEA has worked hand in hand with its law enforcement counterparts in Canada, Hong Kong and Mexico, and regulatory authorities to identify and investigate attempts to divert pseudoephedrine. These investigations led to the seizure of over 4 metric tons of pseudoephedrine destined for illicit methamphetamine production and prevented the manufacture of nearly 2.5 metric tons of methamphetamine. Recently, Hong Kong took further steps to ensure that pseudoephedrine from Hong Kong will not be diverted to traffickers in Mexico.

- On July 8, 2004 the DEA Mexico City Country Office reported the seizure of 4 million tablets of pseudoephedrine by the Agencia Federal de Investigaciones (Mexican Federal Police) in Mexico City. The tablets were sent by a Hong Kong pharmaceutical manufacturer for delivery to a fictitious company in Mexico. If converted, the pseudoephedrine would have yielded approximately 33.6 million dosage units of methamphetamine.
- As of December 31, 2004, under the auspices of *Operations Cold Remedy* and *Aztec Flu*, Mexico's Organized Crime Prosecutor's Office, Hong Kong law enforcement authorities, and DEA have seized 9 shipments of pseudoephedrine bound for Mexico from Hong Kong, totaling 67.3 million pseudoephedrine tablets, between September 2003 and December 2004. The last seizures were a shipment of 35 million tablets seized in Los Angeles on November 4, 2004, and 400,000 tablets seized in Mexico City on November 27, 2004. The nearly 67.3 million pseudoephedrine tablets seized in all 9 shipments could have produced more than two metric tons of methamphetamine.

The National Synthetic Drugs Action Plan outlines additional steps, which DEA will seek to implement with assistance from Congress, to curb the manufacture of methamphetamine. Those steps include: working with industry to estimate the legitimate need for methamphetamine precursor chemicals, strengthening collaboration with Mexico on chemical controls, and developing the best practices to assist drug endangered children at lab sites.

DEA focuses its overall enforcement operations on the large regional, national and international drug trafficking organizations responsible for the majority of the drug supply in the United States. Significant increases in these Priority Target Organization (PTO) case initiations and investigative work hours dedicated against PTOs have resulted in numerous other significant disruptions of the drug trade, including the arrests of key

figures in the notorious Arellano Felix Organization (AFO) in Mexico. The Tijuana-based AFO is one of the most powerful and violent trafficking groups in Mexico, responsible for over 100 drug-related murders in the United States and Mexico. In FY 2004, DEA disrupted or dismantled 706 domestic and foreign PTOs, of which 160 were linked to Consolidated Priority Organization Targets (CPOTs)—the most wanted criminals in the international drug trade. DEA's FY 2004 disruptions and dismantlements represent a 54 percent increase over the 458 PTOs disrupted or dismantled in FY 2003. Furthermore, between FY 2001 and the first quarter of FY 2005 (December 31, 2004), DEA disrupted or dismantled 1,831 domestic and foreign PTOs, of which 293 were linked to CPOT organizations.

DEA's successes in disrupting and dismantling CPOT organizations are primarily accomplished through multi-agency investigations mostly directed by DEA. DEA has aggressively and successfully indicted and brought to justice numerous CPOT targets in recent years. Of the 42 CPOT targets identified in FY 2005, 34 (81 percent) have been successfully indicted and 14 (33 percent) have been arrested.

The most significant international drug trafficking and money laundering organizations, including those identified as CPOTs, must be pursued across their entire structure at once. The cornerstone of this type of effort must be shared information and analysis. The OCDETF Fusion Center will gather, store, and analyze all-source drug and related financial investigative information to support coordinated, multi-jurisdictional investigations focused on the disruption and dismantlement of the most significant drug trafficking and money laundering enterprises. DEA has played a significant role in planning and directing the initial start-up of the OCDETF Fusion Center. By dedicating the leadership and an entire support structure for budget, contracts, facilities, planning, and development, DEA has assisted in moving the OCDETF Fusion Center from the conceptual stage to core system development.

DEA is also targeting traffickers who use the internet.

- As of December 31, 2004, *Operation Web Tryp*, an OCDETF and Priority Target investigation, had resulted in a total of 36 arrests, including the operators of 5 Internet websites. The individuals were arrested in California, Arizona, Louisiana, Georgia, and Virginia on charges of conspiracy and trafficking in drug analogues. According to intelligence information, the websites operated for an average of 2–3 years and had thousands of customers. Two fatal and 14 non-fatal overdoses have been connected with these Internet operations. As of March 7, 2005, three of the arrested individuals had been found guilty with one of those being sentenced to 24 months incarceration. This investigation was coordinated by the DEA Special Operations Division (SOD) and involved 10 DEA offices and 7 other Federal agencies.

To ensure that the most wanted drug traffickers are brought to justice, DEA has developed a fugitive apprehension program with the U.S. Marshals Service and the Federal Bureau of Investigation to pursue, locate, apprehend, and extradite the CPOTs

and their first and second tier associates. *Operation United Eagles* is a successful collaboration by law enforcement agencies of the United States and Mexico to bring CPOT-linked, Kingpin designates, and Office of Foreign Asset Control fugitives to justice. As part of *Operation United Eagles*, in 2004 U.S.-trained Mexican Federal Agents arrested 8 individuals, including the CPOT AFO's top five lieutenants.

For the first time in history, DEA also is investigating, indicting, arresting, extraditing, and prosecuting known terrorist members to face drug trafficking charges in the United States. DEA joint operations with the Colombian National Police and prosecutors' offices resulted in the 2004 indictments of nine leaders of the North Valley Cartel—one of the most powerful cocaine-trafficking organizations who lead a confederation of Colombian drug traffickers potentially responsible for a third to a half of the cocaine brought into the United States. Since 1990, the Cartel has sent more than 1.2 million pounds of cocaine to the United States via Mexico, with a street value in excess of \$10 billion.

The North Valley Cartel also has long-standing ties with the paramilitary terrorist organization, the United Self-Defense Groups of Colombia (AUC). The dismantlement of the Cartel will limit the flow of blood money to the AUC. To date, four of the North Valley leaders have been arrested. Likewise, we have indicted numerous members of the Colombian terrorist organization known as the Revolutionary Armed Forces of Colombia (FARC).

- On December 31, 2004, Juvenal Ovidio Ricardo Palmera Pineda, also known as Simon Trinidad, was extradited from Bogotá, Colombia, to Washington D.C. Palmera Pineda, a member of the FARC Central Command, is the highest ranking member of the FARC to be extradited to the U.S.
- On February 10, 2004, the Colombian Military (COMIL), in an enforcement action coordinated with DEA, arrested a FARC Commander known as Sonia, third in command of the FARC 14th Front and its financial coordinator. As a result of investigative efforts by DEA and the CNP, Sonia was located and arrested at a FARC compound in Southern Colombia wearing a FARC uniform. Sonia was extradited to the United States on March 9, 2005, to face Federal drug trafficking charges in Washington, D.C.

Significant progress also has been made in reducing the potential drug supply in Colombia. Through the combined efforts of DEA, Colombians, and State Department led eradication, the entire South American coca harvest is at its lowest level in nearly 20 years. The cultivation of coca has been slashed by 21 percent in Colombia and 15 percent in Peru.

To stem the increasing flow of heroin and chemicals from Southwest Asia, DEA has implemented a collaborative international strategy – “Operation Containment” – to work with our foreign counterparts in attacking drug trafficking organizations in the Central Asian source zone. Operation Containment includes 19 countries from Central Asia, the

Caucases, Europe, and Russia working side by side for the first time to choke off the flow of drugs and precursor chemicals into and out of Afghanistan before they can spread to broader markets. Although the percentage of Afghanistan's heroin production currently trafficked in the United States is substantially less than the heroin from Colombia, this was not always the case. Twenty years ago, Afghanistan supplied the majority of the heroin in the U.S., and DEA is taking action to ensure that it does not do so again. One recent DEA case illustrates this point.

- On November 5, 2004, a four-month investigation of an Afghanistan-based heroin trafficking organization by the DEA Kabul Country Office and our Afghan counterparts resulted in the arrest of Misri Khan and two co-conspirators in Kabul. Khan, the leader of the drug trafficking organization, was indicted for conspiring to import 200 kilograms of heroin to the United States. Khan's organization was responsible for manufacturing and exporting multi-ton shipments of heroin from Afghanistan and Pakistan to the United States, Asia, and Europe. The United States has requested the extradition of Khan and his two associates, which, when granted, will be the first extraditions from Afghanistan to the United States.

Operation Containment increased seizures from 407 kilograms of heroin in 2002 to 14,932 kilograms of heroin in 2004 – 37 times the amount seized in 2002 prior to the commencement of *Operation Containment*. In addition, during FY 2004, *Operation Containment* resulted in the seizure of 7.7 metric tons of morphine base, 5.9 metric tons of opium gum, approximately 3.27 metric tons of precursor chemicals, 77 metric tons of cannabis, 498 arrests, the seizure of 11 heroin labs, and the dismantlement or disruption of major distribution and transportation organizations involved in the Southwest Asian heroin trade. During the first quarter of FY 2005, *Operation Containment* has resulted in record seizures: 2.4 metric tons of heroin (204 percent more than was seized during the same period in 2004), 0.985 metric tons of morphine base (504 percent more than 2004), and 3 metric tons of opium gum (150 percent more than 2004).

DEA has made great strides in developing an internal Afghan drug law enforcement capability to complement the successes in surrounding countries. The Counter Narcotics Police-Afghanistan, National Interdiction Unit (NIU) has been established to interdict drugs, chemicals, and currency within Afghanistan. By April 2005, 100 NIU officers will be trained and deployed with DEA agents to conduct bilateral drug law enforcement operations throughout Afghanistan.

The Challenge Ahead

Although we have achieved success on many fronts, we still face many challenges. The anti-drug mission is essential to the national security, health, and very freedom of our country. When our young people are enslaved by drugs, when citizens are imprisoned in their own neighborhoods from fear of drug crime, or when children are neglected and abused by their methamphetamine-cooking parents, citizens are denied the basic liberties and promise of this nation. Indeed, drugs take a toll on every American: from drugged

driving accidents, to increased child welfare and health care costs, drug-induced crime, and environmental and public safety hazards. Each year Americans die from illegal drugs at an alarming rate. Left unchecked, these powerful transnational drug trafficking organizations have the potential to corrupt and undermine government institutions, diminish respect for the rule of law, and threaten regional stability around the globe.

According to the 2003 National Survey on Drug Use and Health, the most common illicit drugs used by current users over the age of 12 were marijuana (14.6 million users, or 6.2 percent of the population), non-medical use of prescription drugs (6.3 million users, or 2.7 percent of the population), cocaine (2.3 million users, or 1 percent of the population), hallucinogens (1 million users, or 0.4 percent of the population), methamphetamine (607,000 users, or 0.3 percent of the population) and heroin (119,000 users, or 0.1 percent of the population).

Deleted:

Marijuana

Any discussion of drug abuse must begin with marijuana. Marijuana is the most widely used illicit drug in America and is readily available to children. In fact, there are more teens in treatment each year for marijuana dependence than for alcohol and all other illegal drugs combined. For all age groups, marijuana was the second most common illicit drug responsible for drug treatment admissions in 2002 – only slightly behind heroin, and outdistancing crack cocaine, the next most prevalent cause. Admission rates for treatment for marijuana as a primary substance of abuse increased 162 percent nationally between 1992 and 2002. The use of marijuana has adverse health, safety, social, academic, economic and behavioral consequences; and children are the most vulnerable to its damaging effects.

The marijuana of today is not the marijuana of the baby boomers 30 years ago. Average THC levels rose from less than 1 percent in the mid-1970s to more than 8 percent in 2004, leading to increased dependence and abuse. In 2002, 64 percent of adolescent treatment admissions reported marijuana as their primary substance of abuse, compared to 23 percent in 1992.

Methamphetamine

Methamphetamine is a problem of epidemic proportions in the United States. More than 600,000 Americans are current (past 30 days) users, and 1.3 million have used it in the past year. This is five times the number of heroin users, and exceeds the numbers using crack cocaine, LSD, PCP, Ecstasy, or inhalants. Once confined primarily to the west and mid-west, it is now spreading to the eastern half of the United States. Methamphetamine appeals to people across all genders, ages, and socio-economic levels. Methamphetamine has a high rate of addiction, a low rate of sustained recovery, and is cheap to manufacture.

Thousands of children are placed at risk by methamphetamine production, both by the harmful byproducts generated during manufacture and by abandonment and neglect from addicted parents. In one case, parents nailed a plywood sheet over a baby's crib to make sure the baby did not escape while they were on a methamphetamine binge. Crimes of

violence, such as murder and robbery, to support methamphetamine addiction are common.

The rapid spread of methamphetamine throughout the United States is due in part to the proliferation of small clandestine laboratories known as “small toxic laboratories (STLs)” that are generally unaffiliated with major drug trafficking organizations. These STLs are found in rural areas, tribal and federal lands, big cities, and suburbs. Indeed, from 2002 through 2004, more than 49,000 STLs were discovered and seized. Although the amount of methamphetamine actually produced by these STLs is relatively small, the adverse impact they have on local communities is enormous. The chemicals used to produce methamphetamine are toxic and flammable, creating environmental and health hazards and placing extraordinary strains on the federal, state, and local agencies responsible for STL clean up. Harmful wastes and byproducts are often dumped into rivers or disposed of along roadsides and homes. In 2004, the National Jewish Medical and Research Center and DEA chemists concluded a study which found that methamphetamine labs produce a toxic cloud of dangerous chemicals that permeates all horizontal and vertical surfaces of the cook site and spreads to separate, adjacent areas, such as neighboring motel rooms and hallways. This residue remains long after the actual cook is completed.

The proliferation of these STLs is facilitated by the ready availability of pseudoephedrine, the key ingredient in methamphetamine. The manufacturing process is simple and inexpensive, accomplished with supplies available in hardware and convenience stores and methamphetamine lab chemists willingly share their recipes and techniques over the Internet.

Non-Medical use of prescription drugs

Non-medical use of addictive prescription drugs has been increasing throughout the United States at alarming rates. While DEA seeks to ensure that controlled substances are available to patients in need and at the same time prevent and eliminate the diversion of these substances into the illicit drug market, the 2003 National Survey on Drug Use and Health estimated that 6.3 million Americans reported past month use of prescription drugs for non-medical purposes. Emergency room visits associated with narcotic pain relievers have increased 163 percent since 1995. Nationally, the misuse of prescription drugs was the second leading category of abused drugs by our youth in 2004, following marijuana. One in nine high school seniors reported abusing Vicodin—double teens’ use of cocaine, Ecstasy, or methamphetamine. Often, teens obtain these controlled substances from Internet websites or online rogue pharmacies.

Oxycodone, particularly in the controlled release form of OxyContin, is a growing drug problem throughout the nation. Although the rate of non-medical use of oxycodone is still considered relatively low compared to illicit drugs of abuse on a national basis, it is a serious problem in many communities, particularly rural locales with limited public health and law enforcement resources. Drug Abuse Warning Network (DAWN) statistics for emergency room drug episodes involving prescription drugs containing oxycodone increased 22 percent from 18,409 mentions in 2001 to 22,397 mentions in 2002. This

2002 figure also represents a 107 percent increase over the 10,825 emergency room mentions in 2000 and a 450 percent increase over the roughly 4,000 mentions in 1994. Monitoring the Future data show no change in OxyContin use, from 2003 to 2004, among 8th graders, a 3 percent decrease in use among 10th graders but an 11 percent increase in use among 12th graders.

Cocaine

National data indicate that the demand for cocaine is high, and adults appear to be the largest users of both powder and crack cocaine. Cocaine remained the second most used illicit drug among all age categories, following marijuana. According to the 2003 National Survey on Drug Use and Health data, 2.5 percent of individuals aged 12 and older reported past year use of cocaine remained the same from 2002 to 2003, while the use of crack cocaine decreased 14 percent. The 2004 Monitoring the Future Survey indicates the use of powder cocaine by 8th graders remained the same at 1.6 percent, but the use increased among 10th graders (+18 percent) and 12th graders (+12 percent). Drug Abuse Warning Network data indicate that the estimated number of cocaine-related emergency department mentions increased only slightly from 193,034 in 2001 to 199,198 in 2002.

Heroin

The overall demand for heroin in the United States is lower than for other major drugs of abuse such as cocaine, marijuana, methamphetamine, and MDMA. In addition, domestic indicators do not show any increase in overall heroin use. However, there is cause for concern: initiation rates (i.e., first time use) and use rates (i.e., how much is used) were both higher during the past 10 years than in the previous decade, and heroin is now used in small cities as well as large metropolitan areas. According to the 2004 Monitoring the Future Survey, annual prevalence of heroin abuse has increased in all grades surveyed, among our youth (8th, 10th, 12th grades).

Most significantly, U.S. heroin/morphine abuse is claiming the lives of between 4,000 and 10,000 Americans each year. This death toll is simply not acceptable, and the number must be reduced through an enhanced combination of heroin abuse prevention and treatment, and domestic and international law enforcement that is focused explicitly on the U.S. heroin threat. Estimates of worldwide heroin production increased by 215 percent between 2001 and 2003 primarily due to increases in Afghanistan. The U.S. is not only faced with the threat of heroin imported from Colombia and Mexico but also, as evidenced by the recent indictments in New York, heroin from Afghanistan.

The President's FY 2006 Budget Request for DEA

The President's FY 2006 Budget requests \$1.9 billion and 9,393 positions (including 4,152 Special Agents) for DEA. Of this amount, \$1.7 billion and 8,266 positions (including 4,082 Special Agents) are requested under the Salaries and Expenses (S&E) Account, and \$199 million and 1,127 positions (including 70 Special Agents) under the Diversion Control Fee Account (DCFA). This request is an increase of 6 percent, or

\$107 million, and 2 positions over the FY 2005 enacted appropriation, and includes a net decrease of 68 Special Agents. DEA's FY 2006 Budget request includes five programmatic enhancements (three under the S&E Account and two under DCFA) offset by six program reductions in the S&E Account.

Salaries and Expenses Account

For FY 2006, DEA is requesting \$72.9 million and 122 positions (including 76 Special Agents and 25 Intelligence Analysts) for the following S&E program enhancements:

- **Overseas Rightsizing:** DEA requests \$34.7 million and 31 positions (including 19 Special Agents) to enhance DEA's presence overseas. This initiative consists of: \$8.2 million and 17 positions (including 12 Special Agents) to provide permanent funding for Operation Containment, DEA's Afghanistan initiative; \$4.3 million to continue the Afghanistan Foreign Advisory Support Teams (FAST) in support of the U.S. Embassy Kabul's Counternarcotics Strategy for Afghanistan; \$12.7 million for recurring costs, including office expenses, associated with the reallocation of 58 positions (including 40 Special Agents) from the domestic to the foreign arena in FY 2004 and FY 2005; and \$9.5 million and 14 positions (including 7 Special Agents) to enhance DEA's presence in Central Asia and the Middle East.
- **Intelligence Sharing:** DEA requests \$15.6 million and 36 positions (including 2 Special Agents and 18 Intelligence Analysts) to enhance DEA's ability to gather, analyze, and share intelligence information. This initiative consists of: \$3 million and 2 positions for modernization and development of the Narcotics and Dangerous Drugs Information System (NADDIS); \$9 million and 26 positions (including 14 Intelligence Analysts) to expand Speedway's intelligence sources and support additional personnel needed to analyze new intelligence; and, \$3.6 million and 8 positions (including 2 Special Agents and 4 Intelligence Analysts) to enhance DEA's Internet investigations by creating a Virtual Private Network (VPN) to provide connectivity between DEA offices.
- **Strengthening Priority Target Investigations:** DEA requests \$22.6 million and 55 Special Agent positions to strengthen DEA's investigations of drug trafficking and money laundering PTOs in FY 2006. This initiative consists of: \$4 million to provide critical Title III intercept support to investigations targeting Financial, Latin American/Caribbean, Southwest Border, and European/Asian PTOs; \$9.6 million and 55 Special Agent positions to increase efforts towards disrupting and dismantling Priority Target Organizations; and \$9 million to support DEA's telecommunications intercept equipment, such as the Translation/Transcription Support System (T2S2), Internet and investigative technology/surveillance equipment.

Diversion Control Fee Account

For FY 2006, DEA is requesting \$32.6 million and 97 positions (including 52 Special Agents and 40 Intelligence Analysts) for the following DCFA program enhancements:

- **Diversion Control Enforcement:** DEA requests \$27 million and 109 positions (including 52 Special Agents and 40 Intelligence Analysts) to enhance the coordination of investigations and enforcement actions against the illegal sale, use, or diversion of controlled substances.

Intelligence-Driven Diversion Investigations: \$8.9 million and 41 positions (including 40 Intelligence Analysts) to provide intelligence support for diversion investigations. Specifically, 34 Intelligence Analysts are requested to support field investigations, 2 Intelligence Analysts at Headquarters to support field intelligence activities, and 4 Intelligence Analysts to support the new Pharmaceutical and Chemical Coordination Section at SOD.

Law Enforcement Support of Diversion Cases: \$4.7 million and 23 Special Agent positions to provide law enforcement support for diversion investigations. Eighteen (18) Special Agents and \$3.1 million will be dedicated to Diversion Investigation Groups in field offices. Five (5) Special Agents and \$1.6 million will serve as Staff Coordinators for DEA diversion activities in the new Office of Enforcement Operations at SOD.

Fund Diversion Activities under DCFA: \$13.4 million and 45 positions (including 29 Special Agents) to fully recover the necessary costs of the Diversion Control Program, such as additional agent, attorney and chemist positions, and information technology.

- **Transfer of Chemical Program from S&E:** DEA requests \$5.6 million for the second year annualization of the FY 2005 proposal to transfer the Drug and Chemical Program from the S&E Account to the DCFA. Also included is a reduction of 12 Diversion Investigator positions due to a technical correction. This transfer, when combined with the S&E transfer included in the Diversion Control Enforcement initiative (\$13.4 million), totals \$19.1 million that will be transferred from the S&E Account to the DCFA to fully recover the necessary costs of the Diversion Control Program in FY 2006.

Offsetting Reductions

The following S&E programmatic offsets, totaling -\$61.2 million and -211 positions (including -183 Special Agents), are also included in the President's FY 2006 Budget request for DEA:

- Transfer of Programs from S&E to DCFA: -\$19.1 million and -33 positions (including -29 Special Agents) transferred from the S&E Account to the DCFA.
- Demand Reduction Program: -\$9.3 million and -40 positions (including -31 Special Agents).
- State and Local Vehicles: -\$1.3 million in vehicle purchases for State and Local Task Force Officers.
- Mobile Enforcement Teams (MET): -\$29.1 million and -138 positions (including -123 Special Agents).
- E-Training and E-Travel: -\$2.5 million.
- Improving Management Systems: Redirect -\$4.5 million in base resources to improve financial and fleet management systems and ensure compatibility with information technology systems that are being developed Department-wide.

Conclusion

Mr. Chairman and members of the Subcommittee, I hope this brief summary conveys both the serious nature of the drug problem facing our nation and the meaningful progress we are making in addressing it. The dedicated men and women of the DEA appreciate your support and that of every member of this Subcommittee. This concludes my prepared remarks. I will be happy to answer any questions you may have at this time.